

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Brownlee at 8:30 a.m. on January 17, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research Department
Robert Nugent, Revisor of Statutes
Lea Gerard, Secretary

Conferees appearing before the committee: Secretary Rick Beyer, Department of Human Resources

Others attending: See attached list.

Chairperson Brownlee introduced Secretary Rick Beyer, Department of Human Resources. Mr. Beyer presented information about the Kansas Department of Human Resources and their mission of cultivating a supply of labor to field commerce in the State of Kansas. Mr. Beyer stated they have an economic role that is very critical to the success of the State of Kansas. KDHR provides leadership on subjects such as Workers Compensation issues to Minimum Wage issues, etc. Mr. Beyer stated that their role is to find meaningful work for the unemployed, find better work for the under-employed and to improve the quality of work life for everyone working in the State of Kansas. Mr. Beyer highlighted briefly the strategic objectives of what the game plan is and what their program of work is through November 1, 2002 time frame (Attachment 1).

Secretary Beyer explained the concept of making Kansas workers readily available for business enterprises. The "labor exchange" program is to work in conjunction with existing state agencies to make the necessary workers available to meet the needs of businesses in the State.

Secretary Beyer stated the present labor exchange system in Kansas has been driven by several federally funded programs that often work against each other. An important objective in the Kansas labor market is to make it more user friendly, both for the employer and employee. As a result of restructuring our labor available market, there could be reductions in unemployment and an increase in state tax revenues each year. One of our most important current objectives is to make the labor exchange system more user friendly and to organize it into a one stop career service center. The center will have no "wrong" door and will be ready and available for service for job seekers and business customers. So, as job seekers are looking for meaningful work they can go to a one stop center for service and that one stop center will have all these various partners under one roof. If a business customer needs help, they will be able to go to the "one stop" career service center as a place to begin to fill their talent needs. Mr Beyer states we can reduce unemployment, or keep it relatively lower as a result of a career service strategy that improves the efficiency in the labor exchange. Mr. Beyer gave one small example of how they view the work. There are 100,000 openings in the State of Kansas at present. We know that the average Kansan earns \$30,000 a year so that means to the State of Kansas individuals and families are losing out on about three billion dollars of individual income. The average employee produces \$50,000 of net bottom line income to a business, that means with 100,000 openings, businesses are losing out on five billion dollars of bottom line income. Now obviously both sets of income streams are taxable and it means if you tax those two streams to the current state tax rate the state is losing out on one half billion dollars of tax revenue every year.

We have taken a hard look at what it will take in the State of Kansas to build a better labor exchange system. We think that we would need to invest about twenty million more dollars a year for this labor exchange system to be fully functioning and to provide the labor talent for businesses that is required at the present time. Mr. Beyer stated we will be coming to you in the near future with a creative way to raise capital that will not place further demands on state general funds nor will it place additional demands on our federal income stream. Currently, employers pay 100% of the federal unemployment taxes into Washington D.C. but the state only receives back forty-three cents on the dollar in the labor exchange system. All states across American are only getting back fifty or sixty cents on the dollar. We can create a state trust fund and keep our taxes at home.

Mr. Beyer explained that in order to create these one stop career service centers, we need to bring the

partners together under one roof. We have twenty-five one-stop career service centers strategically located in five regents throughout the state. As we pull partners together to create that "no wrong door" environment, we need to have a operating platform, a technology platform, and a computer system that will link all of the partners together. As a client comes into the "door", they register once instead of having to register with the Kansas Department of Human Resources and then the Department of Social & Rehabilitation Services and other service agencies. Mr. Beyer stated we are building a technology platform called Kansas Job Link (www.kansasjoblink.com). It is a electronic job service office. What we are doing is forming an alliance called American's Job Link with other states so we can advertise the cost of our technology investments over multiple states. We have formed an alliance already with the State of Ohio and the possible additions of Oklahoma and Vermont. This enables us to take the relatively few resources that we have and join together and leverage our dollars so that we can build these expensive systems and make them more cost effective.

Chairperson Brownlee opened the meeting for questions from committee members.

Secretary Rick Beyer introduced Roger Aeschliman, Deputy Secretary. Mr. Aeschliman introduced the directors of the Kansas Department of Human Resources. A. J. Kotich, Chief Counsel, Labor Law and four commissions or offices in the department that focus on providing services to disadvantage groups of Kansas citizens. Brad Hamilton, Director of Kansas Office of Native American Affairs; Pamela Johnson-Betts, Director of Kansas African-American Affairs; Martha Gabehart, Director of Kansas Commission on Disability Concerns and Tina DeLaRosa, Director of Kansas Advisory Committee on Hispanic Affairs.

Bill Layes, Chief of Labor Market Information Services, handles all of the statistics and unemployment information that is driven by the Bureau of Labor Statistics at the federal level. Director-Personnel, Janet Palmer; Director of Marketing and Communications, Kathy Ketchum; Chief Financial Officer, Jerry Schneider; Director of Employment and Training, Steve Jack; Director of Workers Compensation, Phil Harness and Chief Information Officer and Director of Employment Security, William Sanders ([Attachment 2](#)).

The meeting was turned over to Phil Harness, Director of Workers Compensation. Mr. Harness stated the first most important thing is Workers Compensation does not write checks but takes care of claims between the employer and/or it's insurance carrier. Mr. Harness presented an organizational chart of the Division of Workers Compensation. Workers Comp has a full time physician on staff. One of the biggest responsibilities of that section is the drafting of a maximum medical fee schedule. Mr. Harness stated they control all the fees. There are two components to Workman's Comp, the medical indemnity component and an income indemnity component. The medical indemnity is different than standard health insurance in that there is no deductible and no co-pay. Workman's Comp pays all medical benefits ([Attachment 3](#)).

Steve Jack, Director Division of Employment and Training, Department of Human Resources presented an overview of his division ([Attachment 4](#)). Following Bill Layes, Chief of Labor Market Information Services. Mr. Layes gave a brief overview of the LMIS Labor Market Information Services and his division ([Attachment 5](#)).

Conferee Roger Aeschliman introduced William Sanders, Chief Information Officer and Director of Employment Security. William Sanders stated the purpose of their division is to provide transition pay for those that lose their jobs due to no fault of their own. The program receives its money from the federal government which receives it from an employer tax. The unemployment division is to deliver initial claim services and inquiries through call centers in Topeka, Wichita and Kansas City.

The meeting adjourned at 9:30 a.m. The next scheduled meeting is January 18, 2001.

Kansas Department of Human Resources

January 2001

Mission Statement

The Kansas Department of Human Resources cultivates a job ready workforce and a workplace environment to fuel economic growth for Kansas.

The agency functions as a thought leader, a facilitator, a catalyst and a services delivery organization, partnering with public and private organizations to serve the needs of Kansans and Kansas employers.

Our value to Kansans is reflected by our success in:

- Finding meaningful jobs for the unemployed,
- Finding better jobs for the underemployed, and
- Removing barriers to performance for employees and employers as they seek to achieve their best.

Strategic Objectives - Horizon: November 1, 2002

1. KDHR is recognized for its role in improving the health and safety of Kansas workplaces.
2. KDHR functions as a catalyst in establishing and maintaining an efficient labor exchange environment in Kansas.
3. KDHR has in place a technology platform and on-going technology delivery capability matched to the agency's continuing operational context and service delivery model, and in step with the State's information technology plan.
4. KDHR delivers a superior return on "investment" dollars to the State of Kansas.
5. KDHR and its affiliated boards are recognized as ethically courageous thought leaders in developing and advocating for policies and legislation in the State of Kansas and nationally, and for contributing to the development of national workplace and employment policies and systems.
6. KDHR is viewed within Kansas Government and in the broader employment context as an intelligent best practices employment model.

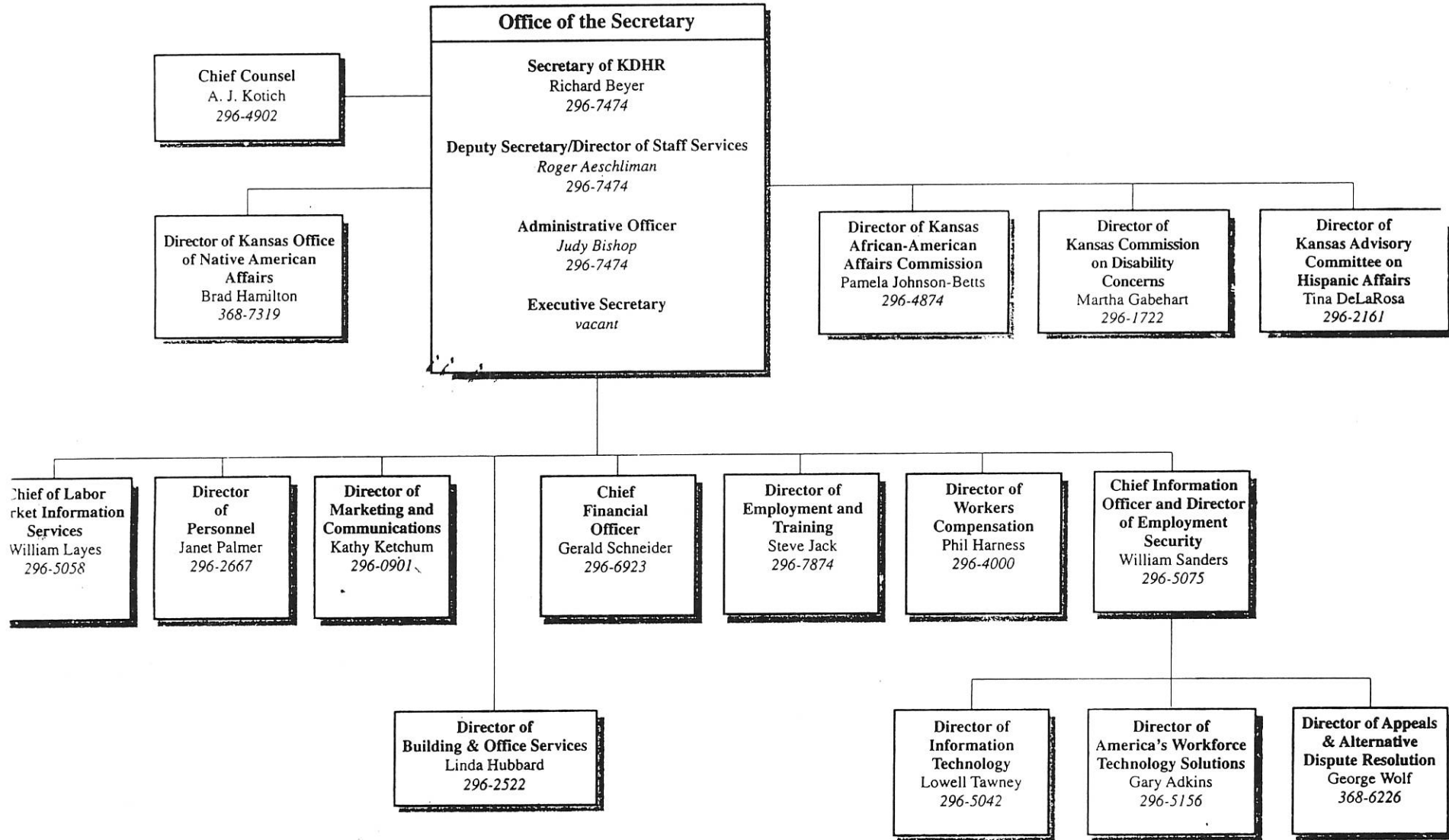
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7. KDHR has demonstrated core competencies in the successful management of organizational change and transition - and has embraced the constructive pursuit of change as a key success factor for the agency.
8. KDHR has an attained "cultural and diverse needs" awareness that is matched to the needs and demographics of the agency's clientele.
9. KDHR has an established capability for creatively identifying and obtaining traditional and non-traditional funding (capital) from non-budget resources.
10. KDHR's America's Job Link consortium is flourishing.
11. KDHR has an effective Alternative Dispute Resolution program in place.

Kansas Department of Human Resources

January 2001

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Richard E. Beyer

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PHIL HARNESS – Director of Workers Compensation

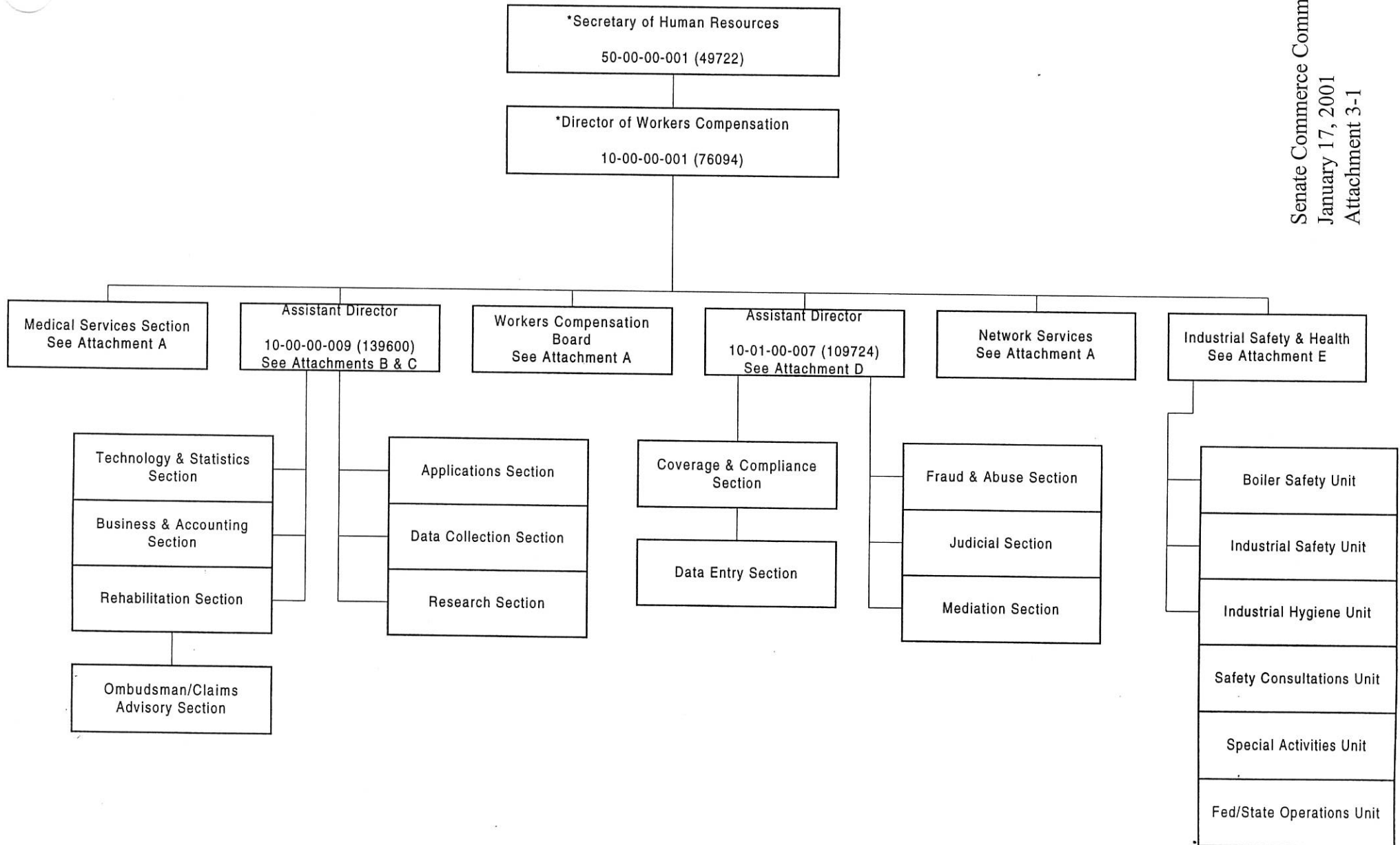
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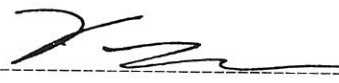
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Attachment 2-2

Organizational Chart
 Kansas Department of Human Resources
 DIVISION OF WORKERS COMPENSATION

September, 2000

Senate Commerce Committee
 January 17, 2001
 Attachment 3-1



Approved by: 



KANSAS

Bill Graves
Governor

DEPARTMENT OF HUMAN RESOURCES
Division of Employment and Training

Richard E. Beyer
Secretary

Division of Employment and Training Steve Jack, Director

The Division of Employment and Training consists of 275 employees located in a state central office and 24 workforce development centers across five Service Delivery Areas throughout the state. With a budget of more than \$25 million, the Division oversees or operates the following federal and state-funded labor programs:

The **Workforce Investment Act of 1998** (WIA) provides the framework for a national workforce preparation and employment system designed to meet the needs of business and job seekers. The most important aspect of WIA is its focus on providing information and services through a single access point. The WIA legislation refers to this single access point as a "One-Stop" system where customers are able to obtain training, education, and employment services at a single neighborhood location. WIA requires that each Local Area establish a One-Stop delivery system through which core services are provided and through which access is provided to other employment and training services funded under the Act and other Federal programs. There is at least one Center in each local area, which are supplemented by networks of affiliated sites. WIA regulations mandate the following programs be co-located at a One-Stop site:

- ◆ Programs authorized under Title I of WIA
- ◆ Employment Service
- ◆ Welfare-to-Work
- ◆ Senior Community Service Employment
- ◆ Postsecondary Vocational Education
- ◆ Adult education and literacy
- ◆ Trade Adjustment Act
- ◆ Community Services Block Grant
- ◆ Veterans employment representatives and disabled veterans
- ◆ Employment and training programs authorized by Housing and Urban Development
- ◆ Programs authorized under State unemployment compensations laws

In addition to these mandatory programs, States are encouraged to add additional workforce development partners in an effort to establish seamless and comprehensive services at each site. The Kansas Workforce Investment Partnership (KWIP) advises the Governor and local administrative entities on WIA.

There are three major funding streams associated with Title II of WIA. They include funds allocated to the State and Local Areas for Adult, Youth, and Dislocated Worker programs and services. For Program Year 2000, Adult funding is about \$3,430,000, for Youth \$3,440,000, and for Dislocated Workers \$5,770,000.

Who funds:	U.S. Department of Labor
Approximate Appropriation:	\$12.65 million
Who provides services:	Local Workforce Investment Boards who contract to entities including KDHR.

Job Service is the public labor exchange system that helps employers find qualified workers and assist job seekers in finding employment. Employment initiatives such as the Migrant and Seasonal Farm Worker and Outreach Program are funded through Job Service.

Who funds: U.S. Dept. of Labor
Approximate Appropriation: \$6,564,000

The **One-Stop Career Center** system is an organizing vehicle for transforming a fragmented array of employment and training programs into an integrated service delivery system for job seekers and employers. The U.S. Department of Labor has given KDHR a \$6.7 million grant to work in conjunction with local communities and other governmental agencies to develop a system that allows customers to find quality information and services in one place.

Welfare to Work Grants are designed to create additional job opportunities for the hardest-to-employ recipients of Temporary Assistance for Needy Families (TANF). As part of federal welfare reform legislation, the program works with TANF recipients, who have been on assistance 30 months or longer and have multiple barriers to employment. The objective is to move these individuals into permanent long-term employment before they reach their 60-month limit on assistance.

Federal funding was made available in two separate formula allotments. During SFY 1998, KDHR was able to obtain the first allotment of \$6.6 million of federal funds by matching \$3.3 million of State General Fund (SGF) moneys. To be eligible for federal funds, states must match on a 2 to 1 ratio. The second federal allocation, of \$6.2 million, became available during SFY 2000. These funds were also contingent on the availability of \$3.1 million of State matching funds. The State utilized \$500,000 of SGF and the balance from soft match to allow for the distribution of the final federal allocation.

The **Local Veterans Employment Representative** (LVER) identifies, tracks, and provides case management services and intensive unsubsidized job development for the veteran community. This program cannot expend funds except for direct charged personnel within the programs and for general overhead.

Who funds: U.S. Dept. of Labor
Approximate Appropriation: \$983,000

The **Disabled Veterans Outreach Program** (DVOP) conducts outreach directed at disabled veterans, and facilitates labor exchange services for them. Charges to the grant can only be made by DVOP personnel.

Who funds: U.S. Dept. of Labor
Approximate Appropriation: \$633,000

The **Labor Certification Program** processes applications of foreign workers seeking temporary and permanent work visas in the United States. Applications are submitted for the job openings by employers or employer representatives.

Who funds: U.S. Dept. of Labor
Approximate Appropriation: \$159,000

The **Senior Community Services Employment Program** (SCSEP) provides skill training through subsidized part-time employment to Kansans age 55 and older who are at or below 125 percent of the poverty level.

Who funds: U.S. Dept. of Labor
Approximate Appropriation: \$900,000
Matching Funds: Matching funds of \$4,444 from State General Funds and about \$90,000 is provided from the service provider, American Red Cross.

The **North American Free Trade Agreement** (NAFTA) provides employment and training services to U.S. workers who lose their jobs as a result of the enactment of the North American Free Trade Agreement. Unemployment insurance benefits are also available. Funds for UI benefits are received separately.

Who funds: U.S. Dept. of Labor
Approximate Appropriation: \$320,000

The **Trade Act of 1974** (TRA) provides employment and training services to U.S. workers who lose their jobs because of foreign competition. Only workers whose companies were certified as eligible under the Trade Act provisions may be served. TRA unemployment benefits are also available. TRA unemployment benefits are funded separately.

Who funds: U.S. Dept. of Labor
Approximate Appropriation: \$2,932,300

The **Work Opportunity Tax Credit** allows employers to receive a maximum \$2,100 tax credit for each worker hired from seven targeted groups that traditionally have had the most difficulty getting jobs.

Who funds: U.S. Dept. of Labor
Approximate Appropriation: \$145,000

The **Apprenticeship Program** provides employment and training opportunities to unskilled people on the job and in related technical instruction; upgrades the workforce to meet the needs of industry through skilled journey workers; and promotes the apprenticeship concept to labor, management, and through the school system. The Kansas Apprenticeship Council must approve a training program for it to be deemed registered.

Who funds: State General Revenue Funds
Approximate Appropriation: \$85,000

The **Neighborhood Improvement and Youth Employment Act** (NIYEA) encourages secondary school completion, enhances citizen skills in students and provides work experience. Projects are funded to provide employment opportunities during the summer, or after school, to eligible students. Qualified work activities include the repair, renovation, and maintenance of essential community facilities; performance of community service; or work with low-income senior citizens.

Who funds: State General Revenue Funds
Approximate Appropriation: \$100,000

The **Older Kansans Employment Program** (OKEP) provides career assessment, job matching, and job search assistance to Kansans age 55 and older regardless of their income and facilitates the development of job opportunities for older Kansans in private industry. Program is coordinated with the Department on Aging. The KWIP and Older Worker Task Force give guidance to the program.

Who funds: State General Revenue Funds
Approximate Appropriation: \$230,000

The **Wheat Harvest Program** provides farmers with a system to locate and hire custom cutting crews to harvest their winter wheat.

Who funds: Penalty & Interest Funds
Approximate Appropriation: \$60,000

COMMENTS
WILLIAM H. LAYES, CHIEF
LABOR MARKET INFORMATION SERVICES
January 17, 2001

Good morning, ladies and gentlemen. It is my pleasure to appear before you this morning. Our department is the Labor Market Information Services division. The section is responsible for most of the labor statistics for the state of Kansas. We administer five programs in a cooperative agreement with the U. S. Department of Labor, Bureau of Labor Statistics with regional offices located in Dallas and Kansas City. We furnish information on;

1. Unemployment rates for each of the 105 counties and metropolitan statistical areas in the state,
2. Occupational wage surveys,
3. Occupational projections of supply and demand,
4. Information on employment and wages paid by 70,000 Kansas employers,
5. Monitor the Kansas unemployment insurance program and provide legislative support for modifications to that law,
6. Planning information for local Workforce and economic development Boards.

Most of the information can be found on our website at:

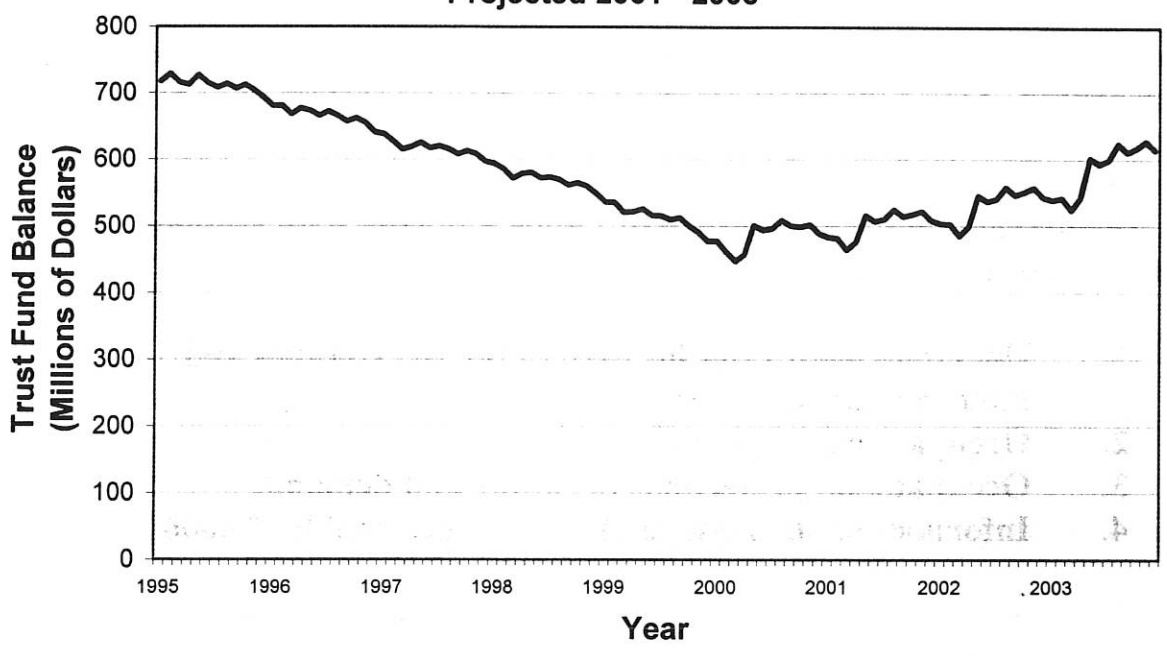
<http://laborstats.hr.state.ks.us>

If at anytime I can be of help with respect to employment or unemployment statistics or questions, you can reach me at

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Thank you for the opportunity to appear before you today.

Graph 1
Trust Fund Balance by Month
Actual 1995 - 2000
Projected 2001 - 2003



Graph 2
U.S. and Kansas Unemployment Rates
CY 1980 - 2000

